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Abacus Mines and Realty Limited

FEB 22 1960

Annual Report

ABACUS MINES AND REALTY LIMITED

Suite 1505, 55 York Street
TORONTO, ONTARIO

January 29, 1963.

To the Shareholders:

Enclosed is Notice of an Annual and Special General Meeting of Shareholders convened for the 15th day of February, 1963, together with the Consolidated Financial Statements of the Company as at August 31st, 1962, the combined Balance Sheets of Coastal Service Company, C.A., and Industrial X-Ray de Venezuela, C.A. as of August 31, 1962, all with supporting schedules. Also enclosed is a Pro Forma Balance Sheet as of August 31, 1962, giving effect to the proposed acquisition to be considered by the Special Meeting.

Since the acquisition by the Company of First Naples Corporation as a wholly owned subsidiary your Management has examined many further situations of merit with a view to acquisition. Negotiations have now been completed for the acquisition by the Company of all of the outstanding shares of two Venezuelan companies engaged in oil field servicing in that country, Coastal Service Company, C.A., and Industrial X-Ray de Venezuela, C.A.

These two companies have been active in oil field and pipeline servicing for over five years. The enclosed financial information indicates the scope of their operations and profits. Prospects for the future appear most encouraging and the companies have presently a backlog of over \$400,000 in outstanding contracts. These contracts are with three major U.S. oil companies operating in Lake Maracaibo.

The proposed acquisition is subject to the approval of the shareholders and to the reorganization of the capital structure of the Company in the terms set out in the Notice of Meeting.

This reorganization involves a consolidation of the existing issued shares of capital stock from 8,012,500 shares to 801,250 issued shares and a reduction of the authorized but unissued shares so that the authorized capitalization after such consolidation will consist of 2,500,000 shares. Your Company would then acquire all the outstanding shares of the two Venezuelan companies by the issue of a total of 483,000 shares of which 400,000 shares will be allotted and issued in escrow subject to release on the consent of the Toronto Stock Exchange.

The present status of the Company's listing on the Toronto Stock Exchange would be altered to that of an industrial company. This will necessitate the changing of your Company's name to Abacon Developments Limited and the removal from listing of all escrowed and unissued shares of the capital stock of the Company. All previously issued free shares of the capital stock of the Company will remain listed in the Toronto Stock Exchange under the Company's industrial listing.

It is also proposed to augment the objects of the Company in order to cover the new activities to be engaged in by the Company through its wholly owned subsidiaries or otherwise.

On consummation of the above Mr. Donald Clark Duke of Maracaibo, Venezuela, the holder of all the issued capital of the Venezuelan companies, and Dr. Irving Rutkin of Miami, Florida, would be appointed to the Board of Directors of the Company. This will necessitate an increase in the number of Directors from five (5) to seven (7). In order to provide for a more efficient administration of the Company an Executive Committee will be created to which it is proposed to appoint Messrs. Anderson, Duke and Slatko.

Shareholders are urged to attend the meetings if at all possible. If you cannot attend, you can assure representation of your holdings by executing and returning the enclosed form of proxy.

On behalf of the Board of Directors,

ROBERT H. SLATKO,

Secretary-Treasurer.

ABACUS MINES AND
(Incorporated under the Law of)
AND ITS CONSOLIDATED

CONSOLIDATED

31

ASSETS

CURRENT ASSETS:

Cash in Hand and in Banks	\$ 2,942.71
Contracts Receivable on sale of Land	169,497.26
Land held for Sale (Florida):	
Original Value	\$ 220,184.64
Appraisal Increase	2,131,025.00
	<hr/>
Experimental Model Home	5,058.97
Deposit for Air Travel	425.00
Loans Receivable	11,044.86
	<hr/>
	\$ 2,540,178.44

**INVESTMENT IN NON-CONSOLIDATED WHOLLY-OWNED SUBSIDIARY COMPANY,
Abacus Holdings, Inc.:**

Shares, at cost	\$ 950.00
Advances	262,274.94
	<hr/>
	\$ 263,224.94
<i>Less: Allowance for Diminution in value</i>	<i>263,208.97</i>
	<hr/>
	15.97

FIXED ASSETS:

Furniture, Fixtures, Improvements	\$ 22,559.88
<i>Less: Accumulated Depreciation</i>	<i>10,239.65</i>
	<hr/>
	12,320.23

MINING PROPERTIES:

7 patented mining claims and 3 Licenses of Occupation, Algoma District, Ontario, at nominal value	\$ 1.00
6 unpatented mining claims, Eldorado Township, Ontario, at cost	393.00
	<hr/>
	\$ 394.00
Deferred Exploration and Administrative Expenditures, per Statement herewith	29,362.71
	<hr/>
	29,756.71

INVESTMENTS, ESCROW FUNDS AND OTHER:

Circle Four, Inc.	\$ 132,000.00
Kingville Estates, Unit #3 (70.5% Equity)	52,442.85
M. Ray, Escrow (Net)	28,218.77
Deferred Charges and Other	12,315.39
	<hr/>
	224,977.01

ORGANIZATION EXPENSES

3,298.00

NOTE: The assets and liabilities of the United States subsidiary are included in the Financial Statement at par of exchange.

The President and Directors,
Abacus Mines and Realty Limited,
Suite 1505, 55 York Street,
TORONTO, Ontario.

Dear Sirs:

We have prepared the attached Consolidated Balance Sheet of Abacus Mines and Realty Limited as at 31st August, 1962, and the accompanying Consolidated Statements of Income and Expense, Deficit and Deferred Exploration and Administrative Expenses for the period ended on that date from the books and records of the Company and from information given to us. The accounts of the wholly-owned Subsidiary Company, First

TORONTO, 29th October, 1962.

REALTY LIMITED
(of the Province of Ontario)
SUBSIDIARY COMPANY

BALANCE SHEET
 August, 1962

LIABILITIES

CURRENT LIABILITIES:

Payroll Taxes Payable	\$ 609.97
Accrued Interest	4,853.69
Commissions Payable	1,956.90
Sundry Accounts Payable	220.00
Loan Payable	10,000.00
	\$ 17,640.56

MORTGAGE NOTES AND CONTRACTS PAYABLE:

Mortgage Notes Payable	\$ 196,739.50
Contracts Payable	1,517.81
	\$ 198,257.31

RESERVES:

Reserve for Unrealized Instalment:

Income	\$ 101,774.96
Less: Reserve for Losses	69,196.68
	\$ 32,578.28

Reserve arising from appraisal of Florida real estate (net)	\$ 1,966,413.56	1,998,991.84
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SHAREHOLDERS' EQUITY:

Capital Stock:

Authorized 10,000,000 shares of No Par Value, the aggregate consideration for which shall not exceed	\$ 8,000,000.00
Issued and Fully Paid, 8,012,500 shares	\$ 961,251.00
Deficit, per Statement herewith	(406,276.27)
Excess of book value of shares of First Naples Corp. over price paid at date of acquisition	40,681.92
	\$ 595,656.65

Approved on behalf of the Board:

CLIFFORD ANDERSON, Director.

R. MASSEY WILLIAMS, Director.

\$ 2,810,546.36

Naples Corp., have been consolidated on the basis of an unaudited Financial Statement prepared by a Certified Public Accountant in Coral Gables, Florida.

The accounts of the wholly-owned Subsidiary, Abacus Holdings Inc., have not been consolidated since the Subsidiary is not active and its assets and liabilities are insignificant.

We did not perform an audit of the accounts and accordingly we express no opinion on the Financial Statements.

Respectfully submitted,
 McDONALD, NICHOLSON & CO.,
 Chartered Accountants.

ABACUS MINES AND REALTY LIMITED

CONSOLIDATED STATEMENT OF DEFERRED EXPLORATION AND ADMINISTRATIVE EXPENSES

For the eight months ended 31st August, 1962

Exploration Expenses:

Government Fees, Licenses and Taxes	\$ 158.51
Engineer's Fees and Expenses	600.00
	<hr/>
	\$ 758.51

Balance, 1st January, 1962 878.93 \$ 1,637.44

Administrative Expenses:

Balance, 1st January, 1962	27,725.27
BALANCE, 31st August, 1962, transferred to Balance Sheet	<hr/>
	\$ 29,362.71

CONSOLIDATED STATEMENT OF DEFICIT

For the eight months ended 31st August, 1962

BALANCE, 1st January, 1962	\$363,763.18
Add: Net Loss for the period ended 31st August, 1962 per Statement of Income and Expense herewith	42,513.09
BALANCE, 31st August, 1962, transferred to Balance Sheet	<hr/> <hr/> \$406,276.27

ABACUS MINES AND REALTY LIMITED

CONSOLIDATED STATEMENT OF INCOME AND EXPENSE

For the period ended 31st August, 1962 (see Note)

INCOME:

Income Realized, Instalment	\$44,155.44
Income Realized, Cost Recovery Sales	17,963.50
	\$62,118.94
Income from Real Estate Trusts	6,176.04
Adjustment of Claims and Other	19,568.32
	\$87,863.30

EXPENSES:

Directors' Fees	\$ 250.00
Office Expense	1,077.77
Salaries, Officers	24,000.00
Salaries, Other	6,856.29
Commissions Expense	2,760.00
Rent	2,570.00
Utilities	465.50
Telephone	5,309.90
Advertising	5,521.88
Insurance	482.96
Title Insurance	900.00
Interest	24,479.06
Travel	5,665.88
Repairs and Maintenance	523.76
Auto Expense and Rental	5,657.48
Printing and Stationery	1,554.90
Taxes — Payroll	621.50
Taxes — Other	6,037.64
Postage	300.00
Dues and Subscriptions	119.46
Bank charges	36.21
Sales Promotion	1,030.21
Legal and Professional Fees	20,014.76
Abstracting and Recording	744.95
Equipment Rental	48.94
Airplane Expense	7,777.05
Depreciation	1,603.51
Annual Meeting Expense	1,235.28
Stock Exchange Listing Fees and Share Issue Expense	2,731.50
	130,376.39

NET Loss for the period ended 31st August, 1962, transferred to Statement of Deficit

\$42,513.09

NOTE: The foregoing Statement covers a twelve month period with respect to the accounts of the wholly-owned subsidiary company, First Naples Corp., and an eight month period with respect to the parent company. The parent company's expenses included herein aggregate \$12,815.99.

INDUSTRIAL X-RAY
COASTAL SERVICE
COMBINED BALANCE SHEET

ASSETS

CURRENT ASSETS:

Cash on Hand and in Banks	\$ 82,676.87
Notes and Accounts Receivable — Trade (Note 3)	60,411.55
Loans and Advances — Coastal Service, S.A.	27,795.09
Inventories	54,007.56
Prepaid Expenses	7,419.56
Other Current Assets	10,165.20
 Total Current Assets	 \$242,475.83

FIXED ASSETS AT COST: (Note 5)

Machinery and Equipment	\$ 16,339.25
Technical and Service Equipment	238,940.20
Transportation Equipment	197,575.29
Building and Leasehold Improvements	69,982.42
Furniture and Fixtures	9,677.72
 Less: Accumulated Depreciation and Amortization	 \$532,514.88
 Total Net Book Value — Fixed Assets	 214,966.91 317,547.97

INVESTMENTS: (Note 6)

Industrial X-Ray de Columbia	\$ 69,052.71
Coastal Service, S.A.	50,000.00
UNICO	33,050.66
 Total Investments	 146,103.37

OTHER ASSETS AND DEFERRED CHARGES: (Note 7)

Supplies, Parts and Non-Depreciable Minor Equipment	\$ 15,920.10
Research and Development Expenses — Unamortized	14,177.25
Prepaid Fees — Organizational Costs — Unamortized	7,200.54
 Total Assets and Deferred Charges	 37,297.89

TOTAL ASSETS \$743,425.06

Board of Directors,
Coastal Service Company, C.A.,
Industrial X-Ray de Venezuela, C.A.,
Maracaibo, Venezuela.

Gentlemen:

We have examined the Combined Balances of Coastal Service Company, C.A. and Industrial X-Ray de Venezuela, C.A. as of August 31, 1962, and the accompanying Notes. We have also examined the Combined Statement of Earnings for the period ended August 31, 1962 for these two Companies and the Notes accompanying this Statement.

The examination was made in accordance with generally accepted auditing practices, and included such tests of account records and other such auditing procedures which were considered necessary in the circumstances.

December 10th, 1962.

DE VENEZUELA, C.A.
COMPANY, C.A.
S AT AUGUST 31, 1962

LIABILITIES AND STOCKHOLDERS EQUITY

CURRENT LIABILITIES:

Accounts Payable	\$ 61,320.40
Accrued Expenses	2,100.55
Taxes Payable (Note 8) —	
Corporate — Income and Reserve	\$7,141.16
Educational Tax — Instituto Nacional	2,145.50
Labor and Wage Benefits, Indemnities — Current	9,286.66
	19,638.63
Total Current Liabilities	\$ 92,346.24

OTHER LIABILITIES:

Notes and Loan Payable —	
Stockholder — D. C. Duke	\$ 32,785.84
Labor and Wage Benefits, Indemnities — Non-Current (Note 9)	55,389.60
	88,175.44
Total Other Liabilities	
	\$180,521.68

CAPITAL AND SURPLUS:

Capital Stock (Note 10)	
Authorized	700 Shares
Issued and Outstanding	700 Shares
Stated Value	\$208,955.23
Retained Earnings (Exhibit B)	353,948.15
	562,903.38
Total Stockholders Equity	

TOTAL LIABILITIES AND STOCKHOLDERS EQUITY \$743,425.06

In our opinion, the Combined Balance Sheet and Notes, as well as the Combined Statement of Earnings for the period referred to above, which were prepared by R. J. Morales Gonzalez, Certified Public Accountant, reasonably represent the financial position of the Companies as of the dates indicated, as well as the results of their operations for the dates indicated, in conformity with generally accepted accounting principles.

We hereby certify that the Statements have been duly sealed and filed.

Officina Morales Gonzalez & Co., CPA,
Maracaibo, Venezuela,
By: Roberto J. Morales Gonzalez.

**INDUSTRIAL X-RAY DE VENEZUELA, C.A.
COASTAL SERVICE COMPANY, C.A.**

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

	1957 Unaudited	1958 Unaudited	1959 Unaudited	1960 Unaudited	1961	1962	Four Month Period Ended Aug. 31, 1962
Combined Balance at Beginning of Period	\$ None	\$25,029.18	\$ 36,456.55	\$ 68,467.66	\$127,171.35	\$124,995.60	\$316,464.97
Additional: Net income—Retained Earnings for Period	25,029.18	60,803.62	85,762.76	129,024.72	136,324.25	261,969.37	37,483.18
	\$25,029.18	\$85,832.80	\$122,219.31	\$197,492.38	\$263,495.60	\$386,964.97	\$353,948.15
Deduct: Dividends to Stockholders	-0-	49,376.25	53,751.65	70,321.03	138,500.00	70,500.00	-0-
Balance at end of Period (Note 11)	<u>\$25,029.18</u>	<u>\$36,456.55</u>	<u>\$ 68,467.66</u>	<u>\$127,171.35</u>	<u>\$124,995.60</u>	<u>\$316,464.97</u>	<u>\$353,948.15</u>

COMBINED STATEMENT OF EARNINGS

	FISCAL YEAR APRIL 30					
	1957 Unaudited	1958 Unaudited	1959 Unaudited	1960 Unaudited	1961	1962
INCOME:						
Net Sales, Service and Other Income (Note 1)	\$161,444.90	\$312,244.84	\$471,646.16	\$648,525.01	\$848,652.24	\$877,036.31
	<u>\$161,444.90</u>	<u>\$312,244.84</u>	<u>\$471,646.16</u>	<u>\$648,525.01</u>	<u>\$848,652.24</u>	<u>\$877,036.31</u>
DEDUCTIONS:						
Direct Cost of Products and Services Sold	\$ 72,004.43	\$134,205.40	\$214,861.71	\$305,002.73	\$378,152.02	\$311,765.34
Administrative and General Expenses	62,640.06	110,769.47	162,628.81	200,096.00	319,516.89	271,370.65
	<u>\$134,644.49</u>	<u>\$244,974.87</u>	<u>\$377,490.52</u>	<u>\$505,098.73</u>	<u>\$697,668.91</u>	<u>\$583,135.99</u>
INCOME BEFORE INCOME TAX RESERVES:	\$ 26,800.41	\$ 67,269.97	\$ 94,155.64	\$143,426.28	\$150,983.33	\$293,900.32
INCOME TAXES:	1,771.23	6,466.35	8,392.88	14,401.56	14,659.08	31,930.95
NET EARNINGS:	<u>\$ 25,029.18</u>	<u>\$ 60,803.62</u>	<u>\$ 85,762.76</u>	<u>\$129,024.72</u>	<u>\$136,324.25</u>	<u>\$261,969.37</u>

Note 1: Net sales and income are stated after elimination of inter-company sales.

INDUSTRIAL X-RAY DE VENEZUELA, C.A. COASTAL SERVICE COMPANY, C.A.

NOTES TO COMBINED FINANCIAL STATEMENT

NOTE 1 — Basis of Accounts:

The Combined Statement of Retained Earnings reflect the net income, retained earnings for the following companies and periods:

<u>Company</u>	<u>Organized</u>	<u>Transactions Included</u>
		<u>From</u>
		<u>To</u>
Coastal Service Co., C.A.	4/24/56	5/1/60
Industrial X-Ray de Venezuela, C.A.	1/1/59	5/1/60
		8/31/62
		8/31/62

Prior to April 30, 1962 the reporting period of Industrial X-Ray de Venezuela, C.A., had ended on December 31. Coastal Service Company, C.A. fiscal year had ended on April 30.

The accounts of Coastal Service Company, C.A., and Industrial X-Ray de Venezuela, C.A., have been restated to reflect their income and expenses on the basis of a common fiscal year ended April 30.

All inter-company sales and expenses have been eliminated from the Combined Statement of Retained Earnings.

The Combined Balance Sheet included herewith includes the accounts of both companies after the elimination of all inter-company accounts.

NOTE 2 — Basis of Reporting and Change in Accounting Procedures as at April 30, 1962:

Prior to April 30, 1962, both companies had followed a practice of deferring income. It had been the companies' practice to expense all of their direct costs of sales, (labor, material, etc.) in the current fiscal or calendar year of their expenditure. This procedure resulted in the companies understating their net earnings in the reporting periods prior to April 30, 1962. At the close of the common reporting period, April 30, 1962 both companies adopted the practice of reporting their ending inventories.

By virtue of this change in accounting method the companies reported an additional combined earnings of \$58,656.70 in the reporting period ended April 30, 1962.

Reserves for corporate and reserve income taxes attributable to this income were recorded on the companies' books as at the close of their reporting period, April 30, 1962. As at the date of September 1, 1962 all prior taxes had been paid in full.

NOTE 3 — Accounts Receivable — Trade:

Both corporations are on the direct charge off basis of accounting for "Bad Debts". Consequently they maintain no reserve for "Bad Debts".

Confirmation and review of the accounts receivables as at the balance sheet date indicated that all the accounts receivables were fully collectable.

With minor exceptions the accounts receivables consist of major universal concerns, all who maintain excellent payment relations with both companies.

NOTE 4 — Inventories:

The inventories have been priced at the lower of cost or market, determined generally by the use of the first in, first out method of consumption of material.

The Work In Process Inventories include material on the job sites, labor, and other direct costs applied on the basis of current cost ratios.

Tests and other methods were employed to test the accuracy of the companies' methods of maintaining their inventory and Work In Process records. No irregularities were noted in this examination and it was not deemed necessary to make any changes in their accounts or procedure.

NOTE 5 — Fixed Assets:

The depreciation policy of the both companies is to provide for depreciation on fixed assets over the estimated useful life of the asset on a straight line basis at the following annual rates:

Technical Machinery and Equipment	10% - 20%
Furniture and Fixtures	10%
Automotive and Transportation Equipment	20% - 25%
Building and Leasehold Improvements	3% - 5% and life of lease
Machine Shop Equipment	10% - 20%

All expenditures for maintenance and repairs are charges against earnings. Betterments and renewals are capitalized. The cost of assets sold or retired and related depreciation are eliminated from the Fixed Asset Account.

NOTE 6 — Investments:

A. *Industrial X-Ray de Venezuela, C.A.*

Industrial X-Ray de Venezuela, C.A., had made an investment of cash and equipment into Industrial X-Ray de Columbia during the period 1961-1962.

The total net investment in this Columbian Corporation as at August 31, 1962 amounted to \$63,052.71. Industrial X-Ray de Venezuela, C.A. is the owner of record of all of the capital stock of this Columbian Corporation.

The income and expenses applicable to this operation which relate to the combined statement of earnings have been included in this report. All inter-company transactions have been eliminated.

B. *Coastal Service Company, C.A. — UNICO*

Coastal Service Company, C.A. had made an investment of cash and equipment into Coastal Service Company, S.A. during 1960-1961.

The total net investment in this Venezuelan Corporation as at August 31, 1962 amounted to \$50,000.00. Coastal Service Company, C.A. is the owner of record of all of the capital stock of this corporation.

The sales and expenses of Coastal Service Company, S.A. are unrelated and have not been included in the combined statement of earnings.

Coastal Service Company, C.A. has received as earned income from Coastal Service Company, S.A. the sum of \$106,861.75 during the period commenced May 1, 1960 and ended August 31, 1962. This income has been included in the combined statement of earnings in prior and current reporting periods.

Coastal Service Company, C.A. established an industrial equipment sales and servicing division known as UNICO in 1962. The division began active operation on June 20, 1962. The division operates separately from the parent organization. The division's income and expenses are not included in this combined statement of earnings, however, the net result from its operation for the period commenced June 20, 1962 and ended August 31, 1962 has been included in this report under the caption "Other Income".

The total net investment of Coastal Service Company, C.A., into this division as at August 31, 1962 amounts to \$33,050.66.

NOTE 7 — Other Assets and Deferred Charges:

A. *Supplies, Parts, and Non-depreciable Minor Equipment*

The supplies and parts inventories are stated at cost, (principally average cost) or market, whichever

is lower. The supply and parts inventory as at August 31, 1962 consisted of the following:

X-Ray equipment parts and supplies	\$ 8,254.60
Automotive and transportation parts and accessories	1,530.50
	\$ 9,785.10

The repair tools and minor equipment value are stated at cost.

The both companies maintain a repair tool and minor equipment inventory, on which no depreciation is taken.

The cost of tools and minor equipment disposed of, or retired, are eliminated from these accounts in the year of disposal. New expenditures for this type of equipment are capitalized in the year of their purchase.

The value of the repair tools and minor equipment of both companies as at August 31, 1962 amounted to	6,135.00
The total supplies, parts, and non-depreciable minor equipment	\$15,920.10

B. Research and Development Costs — Unamortized

During the fiscal year ended April 30, 1962 both companies incurred research and development costs incident to the design and manufacture of new oil inspection equipment.

Labor, materials and other costs directly attributable to this program were computed and capitalized, and expenses correspondingly reduced. Overhead expenses were not apportioned or capitalized.

These research and development costs are being amortized ratably over the sixty month period commenced May 1, 1962, which was the first month in which benefits from this program were first realized by the companies.

Industrial X-Ray de Venezuela, C.A. has employed this new process and equipment on their inspection contracts since May 1, 1962 with marked success.

C. Prepaid Fees and Organizational Costs — Unamortized

Fees and professional charges incurred during the period January 1, 1962 through April 30, 1962 for Business Research and Development of Systems were capitalized by the companies. These charges cover services of a twenty-four month duration and are being amortized ratably over a twenty-four month period from January 1, 1962.

The unamortized balance of these prepaid fees and costs as at August 31, 1962 amounted to \$7,200.54.

NOTE 8 — Taxes Payable — Venezuela:

Both companies have accrued liabilities for current corporate and other Venezuelan reserve taxes for the four-month period ended August 31, 1962 in accordance with existing Venezuelan tax laws.

As at the date of this report all corporate income taxes for the prior reporting period, April 30, 1962 have been paid.

The status of Venezuelan Income Tax Returns filed by the companies is as follows:

	Years Examined
Coastal Service Company, C.A.	Through April 30, 1961
Industrial X-Ray de Venezuela, C.A.	Through December 31, 1960

All applicable liabilities for Columbian Income Taxes have been reflected in the books of the companies and are current.

NOTE 9 — Labor Indemnities:

Under Venezuelan law both companies have been required to maintain indemnity and retirement programs for their employees. Both companies have contributed to this program for their employees' benefit since the both companies inception.

Company contributions are based on employee earnings and length of service. The companies administer the programs which are under control of the Venezuelan Government Department of Labor.

The companies have made periodic payments to the companies' employees upon their retirement or termination of employment. These payments are mandatory under the labor laws.

As at the date of this report the both companies had a net remaining liability to their employees under the Labor Indemnity Program of \$75,028.23.

The both companies in accordance with existing laws were maintaining cash reserves to meet these contingent liabilities.

NOTE 10 — Capital Stock:

The summary of the capitalization of the both companies is as follows:

Name of Company	Type of Stock	Number of Shares Outstanding	Incorporated Value
Coastal Service Company, C.A.	Common	500	\$149,253.73
Industrial X-Ray de Venezuela, C.A.	Common	200	59,701.50
Totals:		700	\$208,955.23

NOTE 11 — Retained Earnings:

A combined statement of both of the companies' retained earnings for the period beginning May 1, 1960 and ended August 31, 1962 has been included in this report.

The combined statement of retained earnings for the seven years and four months ended August 31, 1962 shows the results of operations for Coastal Service Company, C.A., and Industrial X-Ray de Venezuela, C.A. for the period as follows:

Company Name	Period
Coastal Service Company, C.A.	May 1, 1956 through August 31, 1962
Industrial X-Ray de Venezuela, C.A.	Jan. 1, 1959 through August 31, 1962.

The combined summary of earnings and dividends paid is as follows:

Total Retained Earnings	\$736,397.08
Dividends Paid	382,448.93
Net Retained Earnings — balance	<u><u>\$353,948.15</u></u>

**INDUSTRIAL X-RAY DE VENEZUELA, C.A.
COASTAL SERVICE COMPANY, C.A.**

**COMBINED STATEMENT OF EARNINGS
For the Four Month Period Ended August 31, 1962**

	Industrial, C.A.	Coastal, C.A.	Combined
INCOME:			
Service, Technical Fees and Sales (Note 3)	\$105,097.65	\$140,943.63	\$246,041.28
COST OF OPERATIONS:			
DIRECT COSTS			
Beginning Inventory	32,493.89	26,162.81	58,656.70
PURCHASES AND OTHER DIRECT COSTS			
Materials and Supplies	13,721.28	19,049.68	32,770.96
Salaries — Service and Technical	27,072.76	23,671.27	50,744.03
Rentals and Royalties — Equipment	7,456.18	15,357.26	22,813.44
Ending Inventories (Note 4)	\$ 80,744.11	\$ 84,241.02	\$164,985.13
	31,842.16	22,165.40	54,007.56
Total Cost of Operation — Direct	<u>\$ 48,901.95</u>	<u>\$ 62,075.62</u>	<u>\$110,977.57</u>
GROSS PROFIT:			
ADMINISTRATIVE AND INDIRECT COSTS			
Amortization and Depreciation	\$ 4,380.53	\$ 19,705.97	\$ 24,086.50
Administrative and General Expenses	7,971.14	4,004.62	11,975.76
Rentals	971.50	1,408.95	2,380.45
Repair and Reconditioning	4,993.42	4,634.62	9,628.04
Salaries and Wages — Administrative and Executive	12,715.80	13,428.62	26,144.42
Wage Benefits and Indemnities	2,498.50	4,418.26	6,916.76
Travel and Promotion	791.14	1,933.95	2,725.09
Taxes and Licenses	866.31	2,431.44	3,297.75
Total Administrative and Indirect Costs	<u>\$ 35,188.34</u>	<u>\$ 51,966.43</u>	<u>\$ 87,154.77</u>
NET PROFIT FROM OPERATIONS	<u>21,007.36</u>	<u>26,901.58</u>	<u>47,908.94</u>
OTHER INCOME OR LOSS: (Note 5)			
UNICO — International Industrial Sales Division — (Loss)	φ	3,284.60	3,284.60
NET INCOME BEFORE PROVISION FOR INCOME TAX RESERVES	<u>\$ 21,007.36</u>	<u>\$ 23,616.98</u>	<u>\$ 44,624.34</u>
INCOME TAX RESERVES			
Retained Earnings for the Four Month Period Ended August 31, 1962	<u>\$ 17,808.48</u>	<u>\$ 19,674.70</u>	<u>\$ 37,483.18</u>

The accompanying notes to this Statement of Earnings for the four-month period ended August 31, 1962 are an integral part of this interim statement and should be read in conjunction herewith.

INDUSTRIAL X-RAY DE VENEZUELA, C.A. COASTAL SERVICE COMPANY, C.A.

NOTES TO COMBINED STATEMENT OF EARNINGS For the Four-Month Period Ended August 31, 1962

The Combined Statement of Earnings for the four month period beginning May 1, 1962 and ended August 31, 1962 includes all company transactions of the both corporations that occurred during this period.

Both companies are Venezuelan Corporations. The income and expenses of the both companies have been restated in this report from Bolivares B/s into United States dollars \$ at the prevailing rate of exchange as at the date of this report. Although the official exchange rate is B/s = \$.2985 (3.350083 to the U.S. \$), the current prevailing free rate of exchange is 4.54 B/s to a U.S. \$. The enclosed statements reflect both companies' income and expenses on the basis of dollar payments received and paid at prevailing par rates and B/s at the current free rate of purchase and exchange.

NOTE 1 — Basis of Accounts:

The Combined Statement of Earnings reflects the income and expenses for both companies as well as the net income (loss) for the UNICO division of the Coastal Service Company, C.A. for the period beginning June 20, 1962 and ended August 31, 1962.

All inter-company sales or charges have been eliminated in this report of combined earnings.

NOTE 2 — Basis of Reporting:

Effective April 30, 1962, both companies adopted a common fiscal year and also changed their accounting treatment of the method of reporting their beginning and ending work in process and material inventories on hand. As at April 30, 1962 and for all ensuing periods thereafter the companies will report their work in process and material inventories on hand at the close of each reporting period.

NOTE 3 — Service and Technical Fees — Income:

The Combined Statement of Earnings for the both companies include the fees and income received from their Columbian operations as well as from Coastal Service Company, S.A. All expenses of the Columbian operations incident to and incurred by the companies have been included in the enclosed Statement of Combined Earnings.

The Gross Income, Cost of Operations and Other Costs of Coastal Service Company, S.A. have not been included in this Combined Statement of Earnings. The only portion of receipts received from Coastal Service Company, S.A. as earned income has been included in this Combined Statement of Earnings.

NOTE 4 — Inventories:

The inventories have been priced at the lower of cost or market, determined generally by the use of the first in, first out method of consumption of material.

The Work In Process inventories include material on the job site, labor, and other direct costs applied on the basis of current cost ratios.

The inventories as at August 31, 1962 consisted of the following:

Work In Process	\$32,640.30
Materials on Hand	21,367.26
Total Combined Inventories	\$54,007.56

The companies have both maintained work in process reports and perpetual inventory records. The valuations of the work in process and inventory on hand were compared with these records and no irregularities were noted between the valuations submitted and the companies' reports.

NOTE 5 — Other Income — Loss — UNICO:

Included in the Combined Statement of Earnings for the four-month period ended August 31, 1962 is the net loss for the UNICO division of Coastal Service Company, C.A. for the period beginning June 20, 1962 and ended August 31, 1962.

The additional investment made by Coastal Service Company, C.A. into this division in August, 1962 has been added on to the original investment and the to date investment is shown on the Combined Balance Sheet as at August 31, 1962.

UNICO division's income and expenses have not been included in the Combined Statement of Earnings, with the exception of their net loss from operations which is listed as "Other Income — Loss".

ABACUS MINES AND
ITS WHOLLY-OWNED SUBSIDIARIES
 (Incorporated under the laws
 (Expressed

PRO-FORMA CONSOLIDATED
(After Giving Effect to the Acquisition of Coastal Services Inc.)
 as at August 31, 1963

ASSETS

CURRENT ASSETS:

Cash		\$ 85,619.58
Amounts due on Land Sale Contracts — (Note B)	\$ 169,497.26	
Less: Amounts due after August 31, 1963	80,458.04	89,039.22
Accounts Receivable — Trade — Current		60,411.55
Merchandise Inventories — (Note C)		
Real Estate — M.I.A. Appraisal Valuation — First Naples Corp.	2,351,209.64	
Less: Unrealized appreciation of inventory value attributable to excess of M.I.A. appraisal over acquisition cost	1,966,413.56	
Real Estate Inventory available for sale at cost	384,796.08	
Materials, and Work In Process — Service Contracts	54,007.56	438,803.64
Loans and Advances		38,839.95
Other Current Assets		10,590.20
Total Current Assets		\$ 723,304.14

INVESTMENTS:

Mining Properties, Patents, and Claims — (Note D - 1)	29,756.71
Securities of, and advances to Subsidiary Corporations, Affiliates, and Realty Partnerships and Trusts — (Note D - 2)	358,780.96
Amounts due on Land Sale Contracts due after August 31, 1963	80,458.04
Total Investments	468,995.71

FIXED ASSETS: (At Cost) — (Note E)

Machinery and Equipment	16,339.25
Technical and Service Equipment	238,940.20
Transportation Equipment	197,575.29
Buildings and Leaseholds	69,982.42
Office Furniture, Fixtures, Equipment and Betterments	32,237.60
Less: Accumulated Reserves for Depreciation and Amortization	555,074.76
Total Fixed Assets — Net Book Value	225,206.56
	329,868.20

OTHER ASSETS AND DEFERRED CHARGES: (Note F)

Non-Depreciable Minor Equipment, Parts and Supplies	15,920.10
Research and Development Costs — Unamortized	19,236.22
Prepaid Expenses and Deferred Charges	19,734.95
Prepaid Fees and Organizational Costs — Unamortized	10,498.54
Total Other Assets	65,389.81
	\$ 1,587,557.86

The accompanying notes to this Pro-Forma Financial Statement are

EALTY LIMITED
FILIATES AND PARTNERSHIP INTERESTS
 Province of Ontario, Canada
 United States Dollars)

BALANCE SHEET — (Note A)
 Company, C.A. and Industrial X-Ray de Venezuela, C.A.)
 1962

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:

Notes Payable — (Note G)	\$106,283.70
Accounts Payable — Trade	\$61,540.40
— Other — Commissions	1,956.90 63,497.30
Accrued Liabilities — Payroll	2,100.55
— Interest	4,853.69 6,954.24
Real Estate Mortgage Notes Payable — (Note H) total	90,455.80
Less: Long Term Portion thereof	43,111.40 47,344.40
Real Estate Contracts Payable — Agreement for Deed	1,517.81
Less: Long Term Portion thereof	500.00 1,017.81
Wage Indemnity Fund — Venezuela — Current — (Note I)	19,638.63
Taxes Payable — (Note J)	
— United States Federal Payroll Taxes	609.97
— Venezuela and Columbia Reserve and Income Taxes	9,286.66 9,896.63
Loans Payable	10,000.00
Total Current Liabilities	\$ 264,632.71

DEFERRED INCOME: (Note K)

Deferred Income arising from the instalment sale of Real Estate — net	\$ 32,578.28
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OTHER LIABILITIES:

Real Estate Mortgage Notes Payable — Non-Current Portion	43,111.40
Real Estate Contracts Payable — Agreement for Deed — Non-Current Portion	500.00
Wage Indemnity Fund — Venezuela — Non-Current Portion — (Note I)	55,389.60
Loans Payable — D. C. Duke et al.	32,785.84
Total Other Liabilities	131,786.84
Total Liabilities	\$ 428,997.83

SHAREHOLDERS' EQUITY:

Total Shareholders' Equity — (Notes L, M, N)	1,158,560.03
	<u>\$ 1,587,557.86</u>

ABACUS MINES AND REALTY LIMITED

ITS WHOLLY-OWNED SUBSIDIARIES, AFFILIATES AND PARTNERSHIP INTERESTS

NOTES TO PRO-FORMA FINANCIAL STATEMENT

NOTE A — Principles of Combination and Consolidation:

On August 14, 1962, the Abacus Mines and Realty Limited entered into an agreement with Mr. Donald Clark Duke, of Maracaibo, Venezuela, South America, in which they agreed to purchase all of the issued and outstanding capital shares of his two Venezuelan Corporations, Industrial X-Ray de Venezuela, C.A. and Coastal Service Company, C.A., in exchange for the issuance to Mr. Donald Clark Duke of 483,000 fully paid and non-assessable shares of the Capital Stock of the Company. (Reference to Note L.)

The Pro-Forma financial statements consist of the combined figures of the Abacus Mines and Realty Limited, its wholly-owned subsidiary, the First Naples Corporation, its affiliates, partnership interests, and the two Venezuelan Corporations and their affiliates, as at August 31, 1962, after the eliminating of all inter-company accounts and inter-company transactions and as stated in U.S. Dollars converted from Canadian, Venezuelan and Columbian currency at the present free rate of exchange.

NOTE B — Amounts Due on Land Sale Contracts:

As at August 31, 1962, the First Naples Corporation reported a total of \$169,497.26 due from the sale of lots and acreage. The First Naples Corporation is engaged in the installment sale of lots and acreage. Examination of the Schedule of Land Contracts Receivables, Agreement for Deeds, disclosed that the current amount due on these contracts to be received by the Company in the period ending August 31, 1963 amounts to \$89,039.22. The deferred portion of these land contracts receivable has been shown under "Investments".

NOTE C — Merchandise Inventories:

Real Estate available for sale — First Naples Corporation

The Company's wholly-owned subsidiary owns approximately 2,000 acres, more or less, in Collier County, Florida, U.S.A. The First Naples Corporation is and has been engaged in the exploitation and sale of this acreage.

Based on the Appraisal of a Member of the Appraisal Institute furnished to the Company in March, 1962, this undeveloped real estate has a fair market value remaining as at the date of this report of \$2,351,209.64.

The Company has deemed it advisable not to reflect this unrealized appreciation in its Stockholders Equity account. Accordingly, the Company is reporting its real estate inventory at cost.

Materials, Service Contracts, Work in Process

This inventory item was priced at the lower of cost or market, determined generally by the use of the first in, first out method of consumption of material by the Venezuelan Corporations.

The Work in Process Inventories include material on the job sites, labor, and other direct costs applied on the basis of current cost ratios.

NOTE D — 1: Investments, Mining Patents and Claims:

The company reported its mining properties valuations as at August 31, 1962 as follows:

7 Patented mining claims and 3 Licenses of Occupation, Algoma District, Ontario,

Canada at a nominal value of _____

\$ 1.00

6 Unpatented mining claims, Eldorado Township, Ontario, Canada, at cost _____

393.00

Deferred Exploration and Administration Expenses incident to said exploration:

Government Fees, Licenses & Taxes	\$ 158.51
Engineer's Fees & Expenses	600.00
Balance carry-over from Fiscal Year Ended December 31, 1961	878.93
Balance of Exploration and Attributable costs per account as at January 1, 1962	27,725.27
Total Deferred Exploration and Administration Costs of Mining Properties as at August 31, 1962	<u>\$29,756.71</u>

NOTE D — 2: Investments:

Securities and Advances to Subsidiary Companies, Affiliated partnerships and Realty Trusts.

The analysis of this account is as follows:

Investments in Non-Consolidated Wholly-Owned Subsidiary Company — Abacus Holdings,
Inc.

Shares at Cost	\$ 950.00
Advances to date	262,274.94
	<u>\$263,224.94</u>
Less: Allowance for Diminution in Value	263,208.97
Net:	<u>\$ 15.97</u>

Circle Four, Inc. (First Naples Corp.)	\$132,000.00
Kingville Estates, Unit No. 3 (70.5% equity)	52,442.85
M. Ray Realty Escrow — Net	28,218.77
Industrial X-Ray de Columbia	63,052.71
Coastal Service Company, S.A.	50,000.00
UNICO — Venezuela-Columbia	33,050.66
	<u>\$358,780.96</u>

NOTE E — Fixed Assets:

The depreciation of the Company is to provide for depreciation on fixed assets over the estimated useful life of the asset on a straight line basis at the following annual rates:

Technical Machinery and Equipment	10% - 20%
Furniture and Fixtures	10%
Automotive & Transportation Equip.	20% - 25%
Building & Leasehold Improvements	3% - 5% and life of lease
Machine Shop Equipment	10% - 20%

All expenditures for maintenance and repairs are charges against earnings. Betterments and renewals are capitalized.

The cost of assets sold or retired and related depreciation are eliminated from the Fixed Asset Account.

NOTE F — Other Assets and Deferred Charges:

Non-Depreciable Minor Equipment, Supplies and Parts

The supplies and parts inventories of the two Venezuelan Corporations are stated at cost (principally average cost) or market, whichever is lower. The supply and parts inventory as at August 31, 1962 and the value of the repair tools and minor equipment is shown in Note 7A of the Financial Statement of these companies.

Research and Development Costs — Unamortized

The analysis of the research and development costs unamortized is as follows:

Industrial X-Ray de Venezuela, C.A. and Coastal Service Company, C.A.	\$14,177.25
First Naples Corporation-Experimental House	5,058.97
	<hr/>
	\$19,236.22

NOTE G — Notes Payable:

Notes Payable (interest rate from 14 to 15%) consisted of corporate notes collateralized by assignments of land contracts receivable, due to the First Naples Corporation.

NOTE H — Notes Payable:

Notes payable (interest rates from 6 to 15%) consisted of First and Second Mortgages on the undeveloped real estate owned by the First Naples Corporation.

NOTE I — Labor Indemnities — Venezuela:

Under Venezuelan law, both Venezuelan Corporations are required to maintain indemnity and retirement programs for their employees. Both companies have contributed to this program for their employees' benefit since the companies' inceptions.

Company contributions are based on the employee's earnings and length of service with the company. The companies administer the programs, which are under the control of the Venezuelan Government, Department of Labor.

The companies have made periodic payments to the company employees upon their retirement or termination of employment. These payments are mandatory under the labor laws and the companies are current in their payments.

As at the date of this report, the both companies had a net remaining liability to their employees under the Labor Indemnity Program of \$75,028.23.

The Companies in accordance with these existing laws maintained cash reserves for these current and deferred payments.

NOTE J — Taxes Payable:

The liability for Venezuelan and Columbian Reserve and Income Taxes accrued for the four-month period ended August 31, 1962 has been reflected on the Consolidated Pro-Forma Balance Sheet.

As at this date of the report, the Venezuelan Corporations had paid all income and reserve taxes through their prior reporting period of April 30, 1962.

NOTE K — Deferred Income:

The First Naples Corporation reports on the installment method of accounting. Consequently, it maintains adequate reserves for unrealized installment income.

As at the close of business on August 31, 1962, the First Naples Corporation had a reserve for deferred unrealized installment income of	\$101,774.96
<i>Less:</i> Reserve for losses of	69,196.68
Net deferred income	<hr/> <u>\$ 32,578.28</u>

NOTE L — Stockholders Equity:

Abacus Mines and Realty, Limited, which was incorporated under the laws of the Province of Ontario, Canada, by letters patent, dated June 13, 1945; supplementary letters patent issued September 26, 1955 increasing capitalization; supplementary letters patent issued May 20, 1959, changing the name of the company and decreasing its capitalization, and then increasing same, had an authorized capital of 10,000,000 shares of no par value common stock as at August 31, 1962. As at this date, a total of 8,012,500 said shares were outstanding.

Subsequent to August 31, 1962, the Company will apply to its stockholders to amend its capital structure. To consolidate the Company's capital and to cancel 288,750 issued shares so that the authorized capital shall consist of 2,500,000 shares of no par value, of which 301,250 shares shall be issued and outstanding.

As at the date of this report, a total of 4,700,000 shares of the 8,012,500 shares of issued stock of the Company was held in escrow by the Guaranty Trust Company of Canada, Toronto, Ontario, subject to release, transfer, etc., only by the consent of the Toronto Stock Exchange and the Board of Directors of the Company. These escrowed shares are restricted only as to sale, trading, or hypothecation, and were fully paid for and beneficially owned by shareholders of the Company.

The Company had on August 14, 1962 entered into an agreement with Mr. Donald Clark Duke of Maracaibo, Venezuela, South America, in which the Company was to acquire all of the issued and outstanding capital stock of INDUSTRIAL X-RAY DE VENEZUELA, C.A., and COASTAL SERVICE COMPANY, C.A., for and in consideration of the allotment and issue of 483,000 fully paid and non-assessable shares of the capital stock of the Company; (shares of the amended capitalization after the consolidation) of which 400,000 shares will be escrowed. The escrowed shares will be released at the pleasure of the Toronto Stock Exchange. This transaction is subject to the approval of the shareholders of the Company.

The Company received the approval from the Toronto Stock Exchange as to the change of capitalization and purchase of the Venezuelan Corporations in November, 1962. The formal ratification of the agreements by the stockholders will be requested at the annual meeting of the stockholders in February, 1963.

Accordingly, the Stockholders' Equity Account has been developed and is shown as follows for the Pro-Forma Financial Statement:

COMMON STOCK — No Par Value:

Authorized per amended letters patent	2,500,000
Issued — Outstanding — initial exchange	801,250*
— Duke agreement	483,000
Total Issued and Outstanding	1,284,250
*at stated value	\$ 961,251.00
	579,449.89
	\$ 1,540,700.89

The Company's average equity per share of the 801,250 shares issued and outstanding after the consolidation amounted to \$1.19968923.

The Company in agreeing to issue 483,000 shares of its capital stock to Mr. Donald Clark Duke computed its per share valuation at the same equity value per share. Accordingly, the Company in acquiring the capital stock of the Venezuelan Corporations paid a premium of \$16,546.51 in stock for this acquisition. This premium has been charged to the Capital Surplus Account of the Company.

The reconciliation of the Stockholders Equity Account is as follows:

Capital Stock — Issued and Outstanding — Stated Value	\$ 1,540,700.89
Capital Surplus — (Note M)	24,135.41
Earned Surplus — (Note N) — Deficit	406,276.27
Total Shareholders' Equity — Pro-Forma Reconciliation	<u>\$ 1,158,560.03</u>

NOTE M — Capital Surplus:

Abacus Mines and Realty Limited, pursuant to an agreement dated March 10, 1962 acquired all of the outstanding and issued shares of the "FIRST NAPLES CORPORATION". The Company by virtue of this

agreement acquired net assets in excess of the value of its common stock exchange. The net excess of \$40,681.92 was credited to the Capital Surplus Account of the Company.

Abacus Mines and Realty Limited, pursuant to an agreement dated August 14, 1962 will acquire all of the outstanding and issued shares of "INDUSTRIAL X-RAY DE VENEZUELA, C.A., and COASTAL SERVICE COMPANY, C.A."

Upon the completion of this acquisition the Company will have paid a premium of \$16,546.51 in stock for the acquisition of the two companies' net assets. Accordingly, this premium has been charged to the Capital Surplus Account of the Company.

The reconciliation of the Capital Surplus Account of the Company is as follows:

Balance at beginning of period — January 1, 1962	φ
Add: Excess of underlying net assets acquired — First Naples Corporation	\$40,681.92
Deduct: Excess of cost of net assets acquired — Industrial X-Ray de Venezuela, C.A. and Coastal Service Company, C.A. over stated value of 483,000 shares of Common Stock of Company (new) issued in exchange therefor	16,546.51
Balance at end of Period	<u>\$24,135.41</u>

NOTE N — Earned Surplus — Deficit:

The Company has incurred a net deficit from operations for the reporting periods ended December 31, 1961 in the amount of \$363,763.18.

This deficit was in no way connected with the operations of the FIRST NAPLES CORPORATION, but rather was due to the diminution in the value of the Company's investment in its wholly-owned subsidiary, ABACUS HOLDINGS, and its mining operation.

The net loss from operations for the period ended August 31, 1962 has been charged to the Earned Surplus Account of the Company.

The Company intends to avail itself of any tax benefits that might accrue from this deficit, however it has been advised that this deficit credit must be applied in mining operations, therefore the possible benefits are limited.

ACCOUNTANTS' REPORT

To the Board of Directors,
ABACUS MINES AND REALTY LIMITED,
Toronto, Ontario, Canada.

Gentlemen:

We have examined the Pro-Forma Consolidated Balance Sheet of Abacus Mines and Realty Limited its wholly-owned Subsidiaries, Affiliates, and Partnership Interests as at August 31, 1962.

The accounts of the Wholly-Owned Subsidiary Company, First Naples Corporation, (a Florida Corporation) as presented in the Certified Financial Statement prepared by Mr. M. Cohen, C.P.A., Florida, as at August 31, 1962; the accounts of the Combined Companies; Industrial X-Ray de Venezuela, C.A., and Coastal Service Company, C.A., (both Venezuelan Corporations) prepared by Morales Gonzalez & Co., C.P.A. Venezuela, as at August 31, 1962; the accounts of Abacus Mines and Realty Limited, have been consolidated in this Pro-Forma Statement.

Subject to the applicable notes to the Consolidated Pro-Forma Financial Statement, and the notes to the Certified Financial Statements enumerated, the Pro-Forma Consolidated Financial Statement presents the Consolidated financial condition of the Abacus Mines and Realty Limited, its Wholly-Owned Subsidiaries, Affiliates, and Partnership Interests as at August 31, 1962.

The report is therefore presented without opinion as to its entirety.

Respectfully submitted,

Hallandale, Florida,
January 3, 1963.

"J. EUGENE KLIGMANN,"
Accountants and Auditors.

